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Book 1

S P E E C H

DELIVERED BY

HON. JOHN ^{L.} SHERMAN,

SECRETARY OF THE TREASURY,

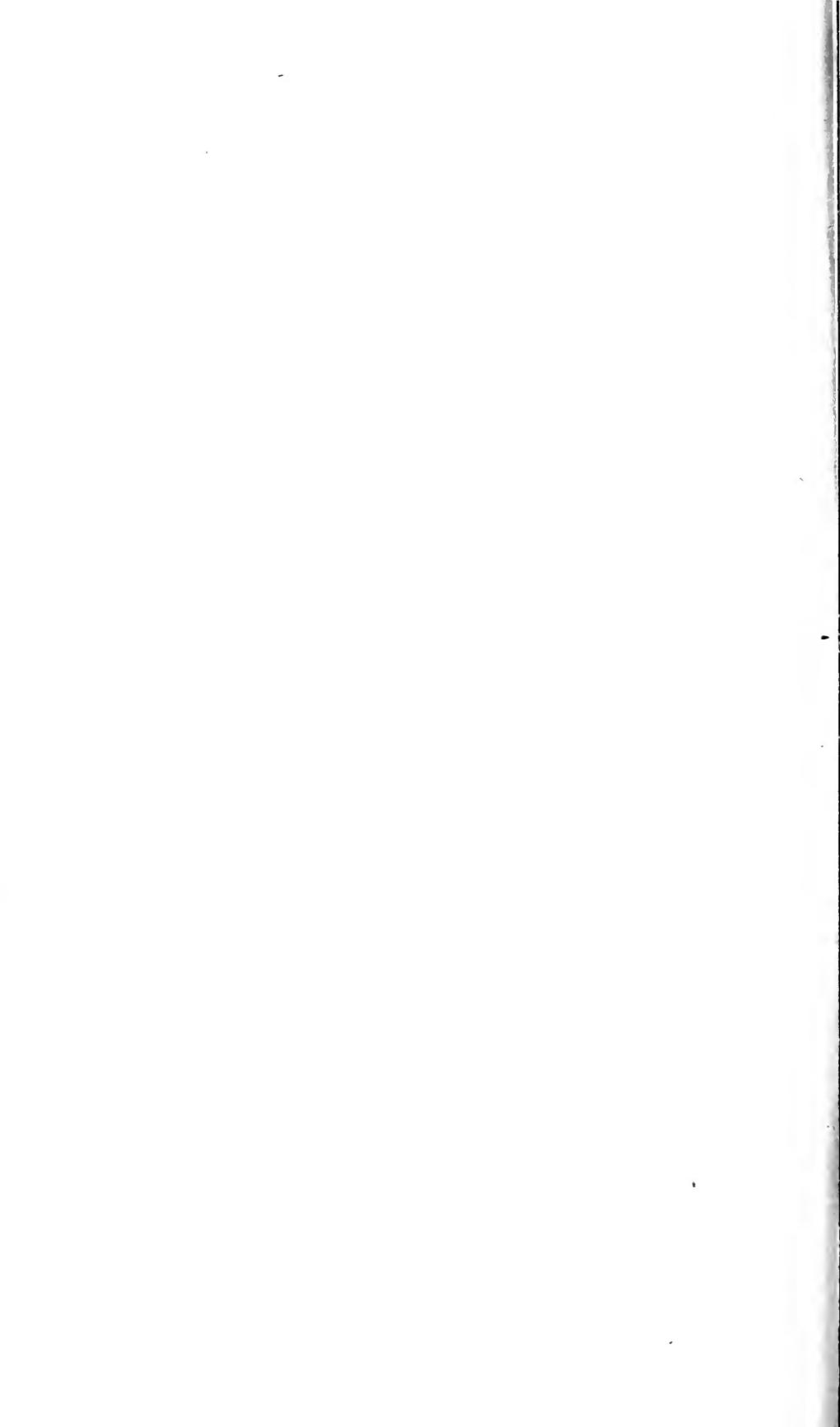
AT

MANSFIELD, OHIO.

ON

FRIDAY EVENING, AUGUST 17, 1877.

WASHINGTON :
PRINTED BY JUDD & DETWEILER.
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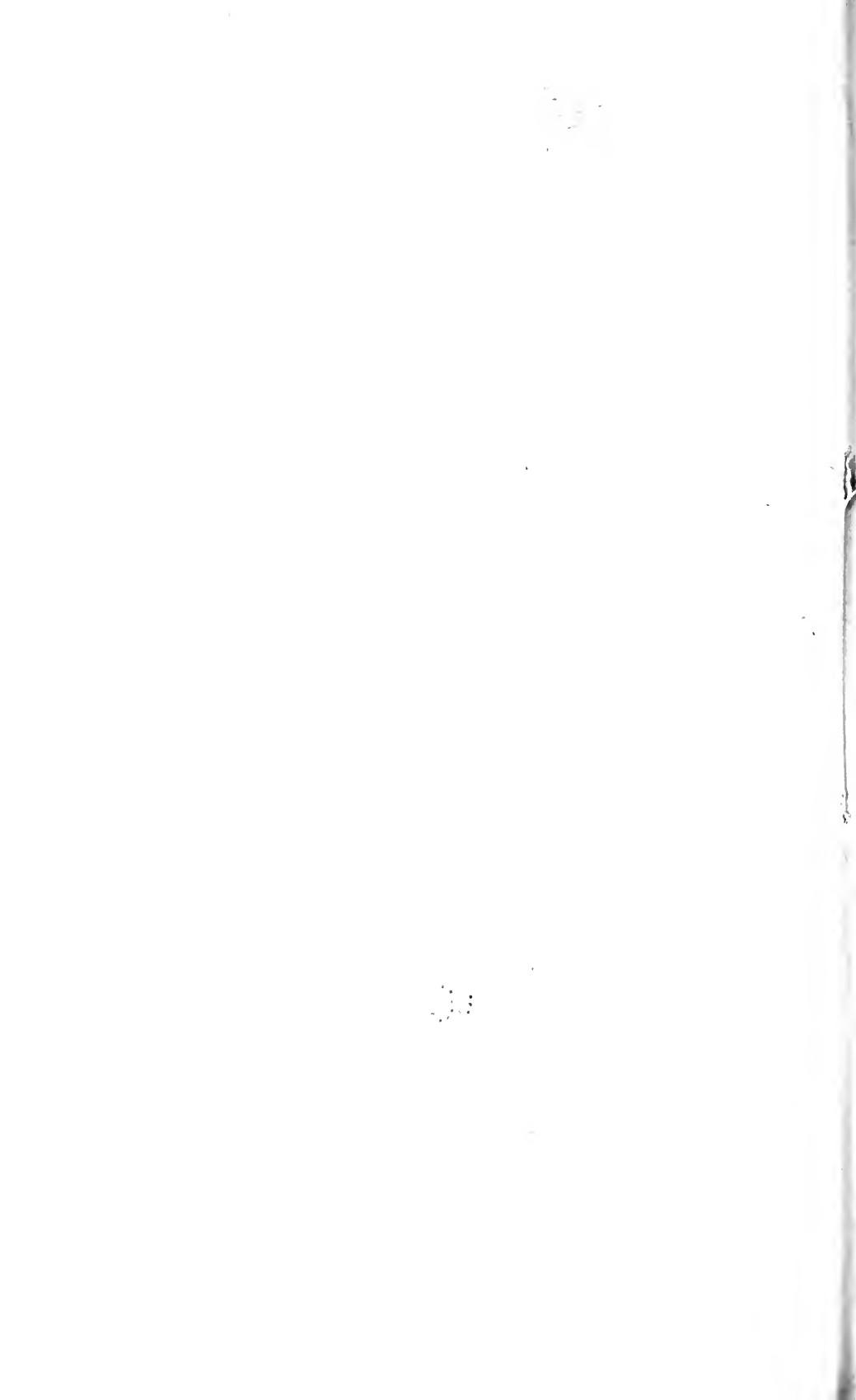
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RECEPTION AND SPEECH OF MR. SHERMAN, AUGUST 17th, 1877.

[*From the Mansfield Herald, August 23, 1877.*]

Secretary SHERMAN returned to his home in Mansfield last week in a quiet way, but two or three persons knowing of his arrival until a day or two after. When his presence became generally known, his neighbors and friends, without respect to party, united in expressing a desire to tender him a reception. This fact was made known to Mr. SHERMAN last Monday, in the following letter:

Hon. JOHN SHERMAN:

DEAR SIR: The undersigned, your townsmen and fellow-citizens of Richland county, desire to give you some manifestation of the very high regard in which we hold your public services. We are glad to know that you are permitted to again be at your own home, and for a week or two mingle with us in all the unrestrained freedom of friends and townsmen.

Financial and other public questions are, however, of importance to us always, and especially now. We recognize your great ability and long experience, and cannot but think that an expression of your views on these questions will be very highly prized by the people of Ohio, irrespective of party. We, therefore, desire, with your sanction, on some day during the next week, to give you a hearty welcome to your old home, and shall be glad to have you, on the occasion, give your views on the public questions now of such vast importance to all.

With our kindest regards, we are your friends,

O. H. Booth,	J. H. Black,
L. J. Tracy,	W. S. Bradford,
Jas. Pollock,	P. Bigelow,
T. W. Ford,	G. F. Carpenter,
L. Bowers,	S. E. Fink,
Jacob Hade,	John A. Lee,
J. G. Eggleston,	Henry C. Hedges,
Geo. U. Harn,	D. Dirlam,
M. E. Douglass,	Wm. H. Farber,
W. H. Hahn,	S. F. Bell,
H. M. Weaver,	Robert Bell,
Jno. M. Jolley,	A. Scattergood,
A. A. Peck,	G. W. Blymyer,

A. M. Burns,	Chas. B. Jameson,
F. W. Strong,	F. E. Tracy,
S. B. Leiter,	J. G. Spencer,
C. S. Doolitell,	Geo. C. Wise,
Henry Hayle,	D. Sturges,
J. Y. Cantwell,	John Wood,
Jno. N. Mowrey,	T. R. Smith,
C. R. Taft,	E. P. Sturgis,
J. M. Waugh,	Thos. E. Douglas,
G. W. DeCamp,	A. E. Keyes,
Chas. L. Irwin,	A. D. Perry,
E. J. Forney,	A. J. Twitchell,
J. H. Sharp,	Wm. R. Newlon,
H. L. Reed,	W. H. Gilkison,
J. S. Hedges,	L. W. Nevius,
Geo. A. Clugston,	W. P. Clarke,
N. S. Reed,	Robt. Maxwell,
J. H. Cook,	J. Leonard,
Fred. Byrd,	S. Smith,
W. Helps,	W. W. Smith,
J. H. Wigle,	William McCoy,
And others.	

MANSFIELD, O., Aug. 10, 1877.

MR. SHERMAN replied as follows:

MANSFIELD, OHIO, August 13, 1877.

GENTLEMEN: I received with much pleasure your kindly letter of the 10th inst., signed by so many of my old friends and neighbors in Mansfield, and assure you of my high appreciation of your generous words of courtesy and regard.

I always return with satisfaction to my home on the eastern slopes of our little city, and always enjoy the fresh air and picturesque country around us, but, more than all, the cordial greetings of old friends, with whom I have been acquainted since boyhood. It will give me much pleasure, at any time or place, to meet you and to speak to you on current public questions, and I venture to name next Friday evening.

Very truly yours,

JOHN SHERMAN.

Messrs. O. H. BOOTH, W. S. BRADFORD, P. BIGELOW,
L. TRACY, and others.

Arrangements were made accordingly to give the reception this evening in the Park. H. C. HEDGES was selected as president of the occasion.

The gathering to greet and listen to Secretary SHERMAN was one of the largest and most respectable, intelligent and orderly bodies that have come together in Mansfield for years. The

evening was delightful, cool and balmy, a bright moonlight adding attraction to the scene. A stand, decorated with flags, had been erected near the center of the park, with seats in front, and lights gleamed on either hand, and particularly in the vicinity of the stand. The American Cornet band played several pieces while the people were gathering, and gave flattering evidence of growing proficiency. At 8 o'clock, HENRY C. HEDGES, Esq., came forward with the Secretary and addressed him as follows:

JOHN SHERMAN: In 1854—twenty-three years ago this fall—the people called you to represent them in the lower House of Congress. At each succeeding period of two years the call was repeated—in 1856, 1858, and 1860.

The great and good President selected as one of his constitutional advisers, that matchless man Chase, then Senator of Ohio, and the people then, by their representatives in the General Assembly, bade you occupy the seat in that most august body known to civilization, the United States Senate, thus vacated by Chase. Twice, thereafter, was the call repeated.

In the lower House you took rank seldom accorded a new member, and, in the third Congress in which you sat, were the acknowledged leader of the House. Transferred to the Senate at the outbreak of the rebellion, your associates there were quick to perceive your capacity for great mental effort, and prompt to recognize it; and so early in your Senatorial life the chairmanship of the most important committee—that of Finance—was conceded you. But the country at large needed you—your large executive and financial ability in that most onerous and responsible of all its departments, the department organized by the brilliant genius of a Hamilton, and worthily filled by a long line of grand men, and forever graced by the incumbency of a Chase. We believe that the great office has never been filled more worthily, more ably, or more successfully, than by JOHN SHERMAN."

Twenty-three years ago you went from us in the strength of your early manhood; a quarter of a century nearly has elapsed; a new generation has come and a generation has passed away, and during all these years you have been, and still are, charged with public trusts.

On this, your first, visit home since assuming your present high station, your neighbors, friends, townsmen, have regarded it as their duty to mark it as more than an ordinary occasion.

We know that great ability *alone* will not command great success. We know that untiring energy and application, added to great ability, *will not together alone* achieve renown; but *great ability* and *untiring energy*, with *great integrity*, *have*, and always *will*, command great success, high renown, and untarnished distinction. Such ability, such energy, such application, such integrity we believe to be yours. Such success you have had: such renown you have achieved: such honorable distinction is yours; and hence, regarding you as our friend, our neighbor, our townsman, we are glad and rejoice.

We welcome you home, though your stay may be only a few days, and we sincerely trust that, rested by your stay, you may go back to your work reinvigorated, and that frequently we may have the pleasure of your temporary visits, and, in the future, when labors are finished, among us you may spend your old age, honored and happy. [Applause.]

The Secretary was visibly affected by the warmth of his welcome and the flattering allusions to his public services and private virtues, and by the reminiscences of his long and active career, so vividly brought into light. He responded feelingly and fittingly as follows:

Fellow Citizens, Ladies and Gentlemen.

The kindly words of welcome uttered by my friend and associate of many years move me beyond expression. They recall to me the scene of the early time when I came to Mansfield, then a scattered hamlet of about 1100 inhabitants, without pavements and without any of the modern conveniences of cities and towns. As Mr. Hedges has told you, very many of those I then met here are dead and gone. I was a boy then. A generation has passed away, and the sons of those I met then as citizens of Richmon~~de~~ county now fill places of trust and responsibility. I have every reason in the world for being strongly attached to this town of Mansfield. You have always been kind to me. Here I studied law, here I practiced my profession for several years, here I married my wife, a native of your town, here I have lived ever since,

and as the time comes, when this mortal coil shall be shuffled off, here, probably, will my body rest with your fathers. But pardon me, fellow-citizens, if, under the kind words of welcome of your spokesman, my old and honored friend, Mr. Hedges, I had forgotten that we are not here merely to exchange courtesies, but to discuss grave matters of far more importance than the life or memories of an individual.

I am here to-night to state to you my views of what has thus far been done by the present Administration in its conduct of public affairs. In doing so I wish it distinctly understood that I speak for myself alone, as a citizen of Ohio, to you my fellow-citizens and my neighbors, to whom I am under the highest obligations of gratitude and duty.

The President authorized me to say one thing, and one thing only, for him, and in his name, and that is that all reports that impute to him any participation whatever in the nomination of candidates on your State ticket, or any desire or purpose to influence in any way the Senatorial contest in Ohio, are utterly groundless.

These are your matters, and I can assure you for him, that he has not and will not, interpose in any such contest between political friends.

For all else I say to you, neither he nor my old and honored friend, Judge West, is responsible.

You all know that I am now, and have been, warmly attached to the Republican party. I believe in its principles and honor its work. With my strong convictions I could not conceal my partisan bias, or my earnest hope for the success of the Republican party, but the subjects of which I intend to speak to you to-night will not lead me to say much of former political struggles, or to fight our old battles over again, but chiefly to discuss the

ACTUAL ADMINISTRATIVE QUESTIONS

of the day as they have arisen since the fourth of March last, and in all of which you are alike interested whether you may call yourselves Republicans or Democrats. As to these questions I wish fairly to appeal to the candor and good judgment of honest men of both parties, only asking for the administration of Presi-

dent Hayes that considerate charity of judgment which must be extended to all human agents.

When he was inaugurated he found thirty-six States in the full and uncontested exercise of all the powers of States in the Union. In two States only there were contests as to who was governor. Both contests had existed from January to March, 1877, while General Grant was President.

In South Carolina Governor Chamberlain claimed to have been elected on the Republican ticket, and General Hampton on the Democratic ticket. The President is not made the judge of who is elected governor of a State, and an attempt to exercise such a power would be a plain act of usurpation.

THE CONSTITUTION OF SOUTH CAROLINA

is much like that of Ohio. The count of the vote was to be made by the General Assembly of the State. Unfortunately for Chamberlain a controlling question in the contest had been decided against him by a Republican court, and he was only kept in possession of the State House by the actual presence of United States troops in the building. He had appealed again and again to President Grant to recognize him as Governor and to give him the aid of Federal troops in the enforcement of his claim, which General Grant had refused, and sought only to preserve the public peace. When President Hayes was inaugurated both contestants were called to Washington and both were patiently heard and the questions presented were patiently and carefully examined. The President held that a case was not presented in which, under the Constitution and the laws, he was justified in using the army of the United States in deciding a purely local election contest.

The soldiers and bayonets of the United States were then withdrawn from the State House—not from the State, nor the capital of the State, but from the building in which the Legislature, that alone could lawfully decide this contest, must meet. This was all that was done by the President, and Governor Chamberlain, without farther contesting his claim, abandoned it and left the State.

I say to you now that, strongly as I desired the success of Governor Chamberlain and the Republican party in South Caro-

lina, the President had not a shadow of right to interpose the power of the army in this contest, and his attempt to do so would have been rash and abortive as well as without legal right.

THE CASE OF LOUISIANA

was far more difficult. The local returning officers of that State had, after a full examination, certified to the election of the Legislature, showing a Republican majority in both Houses. This had been done by excluding from their return the votes of certain parishes and counties wherein intimidation, violence and fraud, had prevailed to an extent sufficient to change the result of the election. I was present, at the request of General Grant, to witness the count, and I assure you, as I have said officially, that the proof of this intimidation, violence and fraud, extending to murder, cruelty and outrage in every form was absolutely conclusive, showing a degree of violence in some of those parishes that was more revolting and barbarous than anything I could conceive of. It was plain that the returning officers had the legal right to pass upon and certify in the first instance, who were elected members of the Legislature, and that they were justified by the evidence in excluding bull-dozed parishes, but it was equally clear that their return was not conclusive upon the members elected, and that each house had the Constitutional right to pass upon the returns, and elections of its members, and to set aside the action of the Returning Board.

THE TWO HOUSES

when organized, had also the power to pass upon the returns of the election of Governor, and they alone and no one else. Neither the President of the United States nor the Returning Board has any power or right to pass upon the election of Governor. And here the difficulty in the Louisiana case commences.

Governor Packard contends that a majority of the two Houses, as duly returned, did pass upon the election of Governor, and did return that he was duly elected, but this was stoutly denied by Governor Nichols. This vital point was strongly asserted and denied by the adverse parties, and the Legislature of Louisiana divided into two hostile bodies, holding separate sessions, each asserting its legal power, and denouncing the other as rebels and traitors.

GOVERNOR PACKARD AND HIS LEGISLATURE

called upon President Grant for the aid of the army to put down insurrection and domestic violence; and here I confess that if I had been President instead of General Grant, I would have recognized Packard and sustained him with the full power of the General Government. My intense feeling caused by the atrocities in Louisiana may have unduly influenced me. But General Grant did not think this was his duty. I do not criticise his action, but only state the facts. He would only maintain the peace. He would not recognize Packard as Governor, but I know what is now an open secret, the strong bent of his mind, and at one time his decision was to withdraw the troops, to recognize Nichols and thus end this dangerous contest. He did not do this, but kept the peace.

But during these two months the whole condition of affairs had slowly changed in Louisiana. The government of Packard had dwindled away until it had scarcely a shadow of strength or authority, except at the State House, where it was upheld by Federal bayonets.

THE GOVERNMENT OF NICHOLS

had extended its authority over the State and was in full existence as the *de-facto* government of Louisiana, supported by the great body of the white men and nearly all the wealth and intelligence of the State, and by the tired acquiescence of a large portion of the colored people, some of whom deserted his legislature and entered that of Governor Nichols. The delay and hesitation of General Grant had been fatal to Packard, and when Hayes became President the practical question was greatly changed. One thing was clear, that a Legislature had been duly elected in November previous, and was then in existence, though separated into two parts. If the members lawfully elected could be convened, they alone could decide the question of who was Governor without the intervention of troops, and their decision could be supported, if necessary, by the General Government.

The most anxious consideration was given to this question. Days and weeks of anxious deliberation were given to it by the President and his cabinet. But one way seemed open for

A PEACEFUL SOLUTION.

and that was to gather, if possible, a single Legislature who could be recognized as the depository of the representative will of the people of Louisiana. If this could be done it had the unquestioned right to decide who had been elected Governor, and all other questions would settle themselves. To aid in this object, a commission of the most eminent men, high in position from different States and distinguished for judicial impartiality, was selected, and the result is known to all. They went to Louisiana, and, with great difficulty, brought together these hostile Legislatures, which met, organized, promptly settled the question in dispute in favor of the government of Nichols, and thus ended this most dangerous controversy. No other change was made, no other act done except when the solution was almost accomplished, the few troops who had occupied the State House were withdrawn a few squares away, to their barracks. Thus in this peaceful appeal to the Legislature of Louisiana, this controversy, which not only endangered the peace and safety of this State, but the peace and safety of the whole people of the United States, was settled. This is the sum and substance of all that was done in the Southern policy, as it is called, of the President. Perhaps I ought to state that his policy has a broader motive than a mere settlement of a local election contest. It seeks to bring the North and South again into conditions of harmony and fraternity, and, by a frank appeal to the generous impulses and patriotic feeling of all classes of people in the South, to secure, not only peace among themselves, but the equal protection of the laws to all, and security in the enjoyment of political and civil rights.

RESULT IN LOUISIANA.

No doubt the result in Louisiana caused some disappointment to many Republicans throughout the United States, who deeply sympathized with their Republican brethren in that State. I did, and do, share in that feeling, and yet I feel and know that every step taken by President Hayes was right, in strict accordance with his constitutional duty, and from the highest motives of patriotism. Some are foolish enough to talk of his abandoning the colored people and their constitutional rights. Presi-

dent Hayes from his early manhood, has been an anti-slavery man; his life was imperiled on many battle fields in the great cause of liberty, he sympathizes more and will do more for the equal rights of the colored people than those who falsely accuse him; and I believe this day that the policy he has adopted will do more to secure the full practical enforcement of those rights than the employment of an army tenfold greater than the army of the United States.

THE EQUAL RIGHTS OF FREEDMEN

are now placed on the same constitutional footing as ours. Unarmed, unorganized, defenceless and ignorant as they have been, they can only realize the full enjoyment of their rights when education dispels their ignorance, and teaches them how to defend their rights. The policy of the President will make it possible in the Gulf States for them to secure the aid and sympathy of an influential portion of the whites. It has also secured to them the pledge of honor of the local State governments to protect every man in full equal, civil and political rights. No people can be more interested in observing this pledge than the governing white men of the South. The ultimate safety of their life and property depends upon it. The people of the United States will hold them to it, and now, when by this

POLICY OF PRESIDENT HAYES

they have what they call home rule, upon their self-proclaimed promise that home rule means the equal protection in equal civil and political rights of all, they have to fulfill this promise or stand dishonored before the civilized world. The amendments to the Constitution will stand, and they will be enforced, but it is far better this shall be done by the consent of all, in the interest of all, then by the agency of an army. Constitutional rights can only be secured by legal means. The whole Southern policy of President Hayes is to secure constitutional rights not only by legal but by peaceful means, by an appeal to the interest and honor of all classes; but, if this fails, if I do not greatly err, he will not be wanting in the exercise of the full powers of his great office to secure the civil rights of all, without distinction of race, color or condition,

Another question of administration promptly received the attention of President Hayes.

It has been the standing promise of both political parties for fifty years to secure

CIVIL SERVICE REFORM.

without defining what was meant by this phrase—but old abuses grew and new abuses were devised by which the civil service of the government was largely made an agency to control the action of parties, and to influence the rising or falling fortunes of politicians, while the public service was a secondary consideration. Upon this subject the President had clear and radical views, and has not hesitated, against the opposition of many in his own party, to enter upon the reform of these abuses. Whether true or not, it has been believed that the Custom-house in New York, the great agency for the collection of the duties on imported goods, was especially open to these abuses, and that the public interests were sacrificed to the advancement of the political and pecuniary interests of individuals. The President directed that

A THOROUGH INVESTIGATION,

free from political bias, should be made there by independent men of both parties, aimed not at individuals, but at the system itself. It was in the progress of this investigation that he issued the order about which so much complaint has been made.

Here it is :

"No officer should be required or permitted to take part in the management of political organizations, caucuses, conventions or election campaigns. Their right to vote and to express their views on public questions, either orally or through the press, is not denied, provided it does not interfere with the discharge of their official duties. No assessment for political purposes on officers or subordinates, should be allowed."

This order was promptly met with denunciation as an invasion of the rights of individuals, and its meaning and purport grossly perverted.

IN THE WESTERN COUNTRY,

where our political movements are more free from the influence of office-holders, there has always been a strong popular feeling against the interposition of machine politicians. The people

here are abundantly able, without the aid of office-holders, to manage their conventions, caucuses and organizations, and it has always been a matter of complaint even in our counties and cities whenever rings of office-holders are formed, who are offensively officious in controlling popular conventions, and, as a rule, such things have not been tolerated. But in the great cities the office-holders are selected, not only to be active at the election or to influence the election, but to run the machinery by which nominations are made, and caucuses held. They select delegates to conventions, pay their expenses, control their votes, appear as president, secretary, or guiding genius of the convention, and thus the whole machinery of politics is an office-holding monopoly, offensive to the mass of the people, and tending to prevent the just control of political movements by free, unbiased popular opinion.

It was this abuse, the greatest of all, that the President struck directly at. The President has not, and never did, object to the most active men being appointed to, and aspiring for, office. He would naturally select from among the most active men in private life those who are to hold public offices, and, other things being equal, would select one of his own party, rather than one of the adverse party. At all events that is my own view. I think it would be a shade dishonorable for a man to seek an office from the party whose success and principles he opposed, though he may accept an office tendered to him. It is natural that, in selecting men for office from the great political organizations composed of large masses of people, friends rather than adversaries should be selected. But there are occasions where

THE PARTY LINE

should not be drawn, and, in all cases, where parties put up bad men it is the first bounden duty of every good citizen to refuse to vote for them, and thus compel the selection of the best men for office. But where anyone has attained office, either by appointment or election, he ought not to consider that he is, therefore to be the ruling, guiding manager of conventions and caucuses, with a view to put up this Republican and put down another, or to pull down this Democrat to put up another. He ought to hold his office with seemly modesty, leaving to the

people to run the machinery of their own political organizations. There never was and never will be danger in our system that the necessary movements of the people need the guidance of paid office holders. Of late the influence of office holding in polities has grown worse and worse. When, eighteen years ago, I heard a prominent member of the House of Representatives declare that it cost him

FIFTEEN THOUSAND DOLLARS TO BE ELECTED.

I was happy to respond for you that if I had spent five hundred dollars in securing my election I would have been defeated, and I can say in your presence, for you know it, that the custom then prevailing prevented any large expenditure of money, and that, though four times elected to Congress in this district, I did not, and could not, without danger to myself, spend any considerable sums on my election. But of late the expenses of popular elections have so increased that we are in danger of the very evils that for a hundred years disgraced the election of the members of the House of Commons, and led to laws of the greatest severity against bribery and corruption.

I believe in the order of the President, and hope he will stand by it, and if he adds to the good work of his administration, the breaking down of this office-holding officiousness in the management of campaigns, this running of caucuses and conventions by office-holders, and forced assessment from unwilling office-holders for political purposes, and will secure to the people a free, unbiased control of their primary movements in the election of officers, he will have accomplished a work second only in importance to the pacification of the South.

The order of the President does not interfere with the right of any officer to vote or to express his views on public questions, either orally or through the press, and I, at your invitation, talk to you to-day; but you would regard it as offensive if I should undertake to manipulate your conventions to secure the nomination of personal friends, or interfere in any way with your free choice in popular movements. And this is all that the order of President Hayes undertakes to prevent.

ADMINISTRATIVE REFORM.

I come now to speak of some Administrative reforms that are usually the subject of demagogical promises, but are always an imperative duty, and which I can fairly claim has been faithfully performed by this administration.

The expenses of the Government in many branches were unnecessarily large, and have been reduced with much advantage to you, but it was painful to execute it, from the necessity of discharging a large number of employes. This has been done in all the Departments, but mainly in the Treasury Department, which, from the magnitude of its operations, employs throughout the United States about twelve thousand persons. In one bureau alone, that of Engraving and Printing, the force was reduced 505 persons, making an annual saving of \$360,000.

In the New York Custom House the number of employes has already been reduced 176, making a saving of \$255,020, and this process has not yet ended at that port. At Baltimore the number of employes reduced was 52, and the amount saved was \$47,297.

In the New Orleans Custom House the number of employes has been reduced 87, making a saving of \$95,455. In San Francisco the reduction, not yet completed, is estimated to amount to \$73,440, in Philadelphia to \$56,750, and in Boston to \$122,740. In other ports of the United States the number of employes reduced is 48, making a saving of \$47,154, and eight appraisers, in ports where their services are no longer needed, have been dispensed with, at a saving of \$23,500. Making a reduction in the customs service since the 4th of March, 1877, of \$721,356 a year. This process will be extended to all the Internal Revenue officers of the United States with a very large saving of expense.

THE TOTAL ANNUAL REDUCTION

made thus far in the rents paid by the United States for buildings in public use by the Treasury Department, is \$58,852, and as leases fall in this reduction will be largely increased.

Contracts for cutting the stone for several of the larger public buildings were founded upon the principle of the Government paying to the contractors the cost of the labor and material em-

ployed in the cutting, and fifteen per cent. added thereto. The contract for the erection of the building for the use of the State, War, and Navy Departments, was so changed as to reduce its cost over \$700,000. Contracts for the supply of cut granite for the Court House at Philadelphia and the Custom House at Cincinnati, have been modified in such manner as will effect a saving of \$450,000. Similar changes are to be made in the contracts for cut stone for the St. Louis Custom House, and extension of the Post Office and Sub-Treasury at Boston, which will doubtless be equally favorable to the Government.

A STILL MORE DANGEROUS CLASS

of payments from the Treasury was for old claims, pending in the Treasury Department, many of them founded upon *ex parte* testimony and believed to be fraudulent. Many of these have been suspended or rejected, and new rules in regard to such claims have been adopted, which will save to the Treasury large sums of money, and I hope Congress may be disposed at its next session to revise the whole mode of accounting and paying these claims, which, in many cases, exposes the Government to open and glaring fraud.

I have only cited these principal cases of administrative reform, which will be made to extend to every branch of the Government, and, no doubt, will receive the hearty co-operation of Congress. The only rule in the conduct of public business is that which a prudent man would adopt in his own. The Government ought not to be niggardly and stingy in public disbursements; it ought to receive no labor or service that it does not fairly pay for; but a waste of public money, not only makes a premium to office-holding, but demoralizes all who are engaged in it. A close and careful readjustment of the civil service upon the basis of correct business principles will bring our national expenditures within the amount of such moderate taxes on whisky, tobacco, and beer, and a reasonably moderate duty on imported goods, as, while furnishing protection to our own industries, will not cripple our commerce or place our industries at a disadvantage in foreign competition. I believe the

ADMINISTRATION IS PERFECTLY WILLING

to share with Congress in the labor of these essential reforms in our civil service.

Much the largest reduction in the public expenditure has been effected in the reduction of interest on the public debt.

The great body of the public debt is now payable at the pleasure of the United States at par in coin. As this debt now bears an interest of six per cent., it is manifest that if money can be borrowed at a less rate the old bonds can be paid off, and the reduced interest lessens to that extent the burden of the debt. Prior to the first of March my predecessor had sold fifty millions $4\frac{1}{2}$ per cent. bonds at par in coin, the proceeds of which had been applied to the redemption of six per cent. bonds. Since the first of March there have been sold, under the refunding act, \$135,000,000 $4\frac{1}{2}$ per cent. bonds, and that amount of six per cent. bonds have been paid off or are being paid off, and canceled, thus saving to the people of the United States \$2,025,000 in coin for this year, and each year hereafter.

In May last I became satisfied that the credit of the Government was so advanced, and the money market was so favorable, that I could sell at par in coin, bonds of the United States bearing interest at four per cent. per annum, and, with the sanction of the President, I took the responsibility of withdrawing from sale one hundred millions of $4\frac{1}{2}$ per cent. bonds, and substituting four per cent. bonds. There was great doubt among bankers and business men here and in Europe, of the ability to sell these bonds at par, and I had plenty of advice not to undertake the task. Germany, now one of the great powers of the world, had recently offered her four per cent. bonds at a discount of more than five per cent. The Russian government, now under the stress of war, was selling its bonds at such a rate that they yielded over eight per cent. The Portuguese government had issued a three per cent. loan at about fifty per cent discount. Great Britain, the highest in credit of all the great nations, had sold her three per cent. consols at a large discount, and now although they are a perpetual annuity, they are daily quoted at from ninety-four to ninety-five per cent. Still with the favorable condition of the money market, with industries paralyzed through-

out the world, money lying idle in great hoards, with our credit untarnished, our nation confessedly among the leading powers of the world, with great resources. I believed that the public interest and public duty demanded that the effort to sell these four per cent. bonds should be made, and that it would be successful.

THE GREAT NATIONAL LOAN

was opened by popular subscription in the United States on the 16th of June, and within thirty days afterward \$67,600,000 were taken in this country and \$10,200,000 in Europe, making \$77,800,000 sold. This sum, when paid and applied to the payment of 6 per cent. bonds will make an annual saving to the people of the United States of \$1,556,000. The aggregate of the saving from both classes of bonds since the 1st of March, 1877, will be \$3,581,000 a year in coin.

And this process of saving has just commenced. We may confidently hope that, if no adverse legislation shall be had that will injuriously affect the public credit, the entire amount of the public debt bearing interest at over four per cent., now amounting to nearly \$1,700,000,000, may, as it becomes redeemable, be converted into bonds not exceeding four cent.

SPECIE PAYMENTS.

And now, fellow-citizens, this brings me to the question upon which there is so much diversity of opinion, so many strange delusions, and that is, the question of specie payments. What do we mean by this phrase? Is it that we are to have no paper money in circulation? If so I am as much opposed to it as any of you. Is it that we are to retire our greenback circulation? If so I am opposed to it, and have often so said. What I mean by specie payments is simply that paper money ought to be made equal to coin, so that when you receive it, it will buy as much beef, corn or clothing as coin.

Now the importance of this cannot be overestimated. A depreciated paper money cheats and robs every man who receives it, of a portion of the reward of his labor or production, and, in all times, it has been treated by statesmen as one of the greatest evils that can befall a people. There are times when such money

is unavoidable, as during war or great public calamity, but it has always been the anxious care of statesmen to return again to the solid standard, coin. Therefore it is that specie payments, or a specie standard, is pressed by the great body of intelligent men who study these questions, as an indispensable prerequisite for steady business and good times.

Now, most of you will agree to all this, and will only differ as to the mode, or time, and manner; but there is a large class of people who believe that paper can be, and ought to be, made into money without any promise or hope of redemption: that a note should be printed:

“THIS IS A DOLLAR,”

and be made a legal tender.

I regard this as a mild form of lunacy, and have no disposition to debate with men who indulge in such delusions. They have prevailed to some extent at different times in all countries, but their life has been brief, and they have ever shared the fate of other popular delusions. Congress will never entertain such a proposition, and, if it should, we know that the scheme would not stand a moment before the Supreme Court. That court only maintained the constitutionality of the legal tender promise to pay a dollar by a divided court, and on the ground that it was issued during the war, as in the nature of a forced loan, to be redeemed upon the payment of a real dollar: that is, so many grains of silver or gold.

I therefore dismiss such wild theories, and speak only to those who are willing to assume, as an axiom on this subject, that gold and silver, or coined money, have been proven by all human experience to be the best possible standards of value, and that paper money is simply a promise to pay such coined money, and should be made and kept equal to coined money by being convertible on demand.

Now, the question is as to the time and mode by which this may be brought about, and on this subject no man should be dogmatic, or stand without yielding, upon a plan of his own, but should be willing to give and take, securing the best expedient that public opinion will allow to be adopted. The purpose and obligation to bring our paper money to the standard of coin have

been over and over again announced by acts of Congress and by the platforms of the great political parties of the country.

IF RESOLUTIONS AND PROMISES

would bring about specie payments, we would have been there long ago; but the diversity of opinion as to the mode now—twelve years after the close of the war—still leaves our paper money at a discount of five per cent. Until this is removed there will be no new enterprises involving great sums, no active industries, but money will lie idle and watch and wait the changes that may be made before we reach the specie standard.

In 1869 Congress pledged the public faith that the United States would pay gold or silver dollars for United States notes. Again, in January, 1875, after more than a year's debate, Congress declared that by the 1st of January, 1879, the United States would pay its notes in coin.

The Secretary of the Treasury is expressly required to prepare for, and maintain, the redemption of all United States notes presented at the Treasury on and after that date, and for that purpose he is authorized to use all the surplus revenue, and to sell bonds of the United States bearing four, four and one-half and five per cent. interest at par in coin. It is this law, called the Resumption Act, now so much discussed in the papers, that imposes upon the office I hold, most difficult and important duties, and without replying to any attacks made upon me, I am anxious to convey to you, personally, what I have done and must do in obedience to the provisions of this act. It is said that the law is defective, but, if the great object and policy of the law is right, the machinery of the law could easily be changed by Congress. That resumption can be secured and ought to be secured under this law, it will be my purpose to show you, and I shall not hesitate to point out such defects in the law as have occurred to me in its execution.

THE MODES OF RESUMPTION.

There are two modes of resumption, either to diminish the amount of notes to be redeemed, which is commonly called a contraction of the currency, or by the accumulation of coin in the Treasury, to enable the Secretary to maintain resumption.

The one practical defect in the law is, that the Secretary is not at liberty to sell bonds of the United States for United States notes, but must sell them for coin. As coin is not in circulation among the people, he is practically prohibited from selling bonds to the people, except by an evasion of the law or through private parties. Bonds are in demand and can readily be sold at par in coin, and still easier at par, or at a premium, in United States notes. The process of selling for United States notes need not go far before the mere fact that they are receivable for bonds would bring them up to par in coin, and that is specie payments.

But the reason of the refusal of Congress to grant this authority, often asked of it, was that it would contract the currency, and this fear of contraction has thus far prevented Congress from granting the easiest, plainest, and surest mode of resumption. To avoid contraction, it provided that national bank notes may be issued without limit as to amount, and that, when issued, United States notes might be retired to the extent of four-fifths of the bank notes issued. This was the only provision for redeeming United States notes that Congress made or would make, and this, it was supposed, would reduce the United States notes to \$300,000,000 before January 1, 1879. The actual experiment only proves the folly of the cry we had for more money, more money.

HERE WAS FREE BANKING,

A free and almost unlimited right to everybody to issue more money, but unluckily for visionary theorists, it was money that had to be secured, not wild cat money, but money that people could sleep upon without fear of breaking. The result was that under free banking the issue of circulation has been far less than was expected, and, therefore, the reduction of United States notes was less. Still there was some reduction.

Greenbacks have been retired under the act of January, 1875, to this time to the amount of \$22,905,700 and near twenty-nine millions of circulation were issued to National Banks.

Since the first of March last the reduction of United States notes has been \$5,142,264, and this reduction was preceded by new circulation issued to banks, amounting to near \$6,500,000.

I do not say that this is the only reduction of the currency that

has happened, but it is the only reduction that was made by the United States. The national banks, under a different law, and from the very necessity of free banking, are at liberty to retire their currency as well as to increase it, and this has been done by them since the 1st of January, 1875, to the amount of \$36,624,612. But this is a reduction effected by each bank, guided by its own interest, and the circulation it can safely and prudently maintain.

There are now deposited with the Treasury by private corporations banks and individuals, \$57,170,000 of United States notes. Of this there were deposited by the National Banks at their last statement, made June 22d, \$44,450,000, and they have in the cash reserve held by them, \$42,500,000 more than the amount required by law, clearly showing that there is no want of currency when demanded for the requirements of business.

Since January 1, 1877, the United States has issued \$34,236,000 of silver coin, and has redeemed with that \$21,980,000 fractional currency, now almost superseded by silver coin, and also holds \$8,160,858 of United States notes for the redemption of fractional currency still outstanding. In this there was no contraction but a substitution of coin for fractional currency.

It was an error to make the retirement of United States notes depend upon the issue of bank notes. The two had no relation to each other, but the retirement of United States notes should depend entirely upon the amount necessary to be withdrawn, to advance within the limited time the residue to par in coin, and the simplest mode of doing this was to authorize

THEIR CONVERSION INTO BONDS

at the pleasure of the holder, the bonds to bear the lowest rate of interest that would in ordinary times be maintained at par in gold. To this the objection is made that we convert a non-interest bearing note into an interest bearing note, but what right have we as a nation, or has any bank or individual, to force into circulation as money its note, upon which it pays no interest? Why ought not anyone who issues a promise to pay on demand be made to pay it when demanded or pay interest thereafter? What right has he in law or justice, to insist upon maintaining in circulation his note which he refuses to pay according to his

promise, and which he refuses to receive in payment of a note bearing interest? A certain amount of United States notes can be, and ought to be, maintained at par in coin, with the aid of a moderate coin reserve held in the Treasury, and to the extent that this can be done they form the best possible paper money, a debt of the people without interest, of equal value with coin, and more convenient to carry and handle. Beyond this the right to issue paper money, either by the Government or banks, is a dangerous exercise of power, injurious to all classes, and should not continue a single day beyond the necessities that gave it birth.

But, if Congress should see proper to confine the process of resumption to the present law, we have still

THE SECOND MODE

of resuming, by accumulating coin gradually, so that when the time fixed for resumption arrives, the Treasury may be able to redeem such notes as are presented. In this respect the resumption act is as full and liberal as human language can frame it. The Secretary is authorized to prepare for resumption, and for that purpose to use the surplus revenue and sell either of the three classes of bonds, all of which are now at or above par in coin. The power can be, ought to be, and will be executed if not repealed.

This accumulation, both in silver and gold, can be made by arresting from exportation our own production of these metals. This is more than sufficient to supply our wants for this purpose, and, fortunately, we have plenty of other productions—corn, cotton, wheat and fabrics, the fruit of our industry, for export. This country is the greatest producer of gold and silver in the world. The balance of foreign trade is in our favor. During the last fiscal year our exports exceeded imports in gold value the sum of \$166,555,855, and this balance is steadily increasing.

This year providence has blessed us with an enormous crop of almost every production of the farm or plantation, and the foreign demand is largely increased by the Russian war. Russia is our great competitor in supplying Europe with bread, and she now will consume her own products. We have now reached the coin basis in the production of commodities for the foreign market.

OUR EXPORTATION OF HOME FABRICS

has increased and is increasing, and we are now competing with Manchester and Birmingham in the sale of products, that have made those cities famous throughout the world.

Our manufactures of cotton, iron and wool, now rival in foreign markets, the oldest countries of Europe.

We have during the five months of President Hayes made an actual accumulation of currency, and of gold and silver coin and bullion, of \$44,340,832. From the first of May to this time we have added to our coin reserve \$20,000,000 by the sale of bonds, without disturbing the money market and with gold steadily on the decline. We have reduced the public debt since the first of March the sum of \$29,441,824. We have conducted the vast operations of our loans, already referred to, without disturbing the course of trade or causing a shipment in gold. All the fears expressed so often in the papers, at these movements, have been proven to be groundless.

We are now within five degrees of the specie standard. We have still seventeen months before us in which to complete the task. The same progress that has been made since the first of March, continued twelve months longer, will certainly bring us to the specie standard. I feel confident in saying to you this day that, if undisturbed with or without a change of the law, every dollar of United States notes will before the time fixed for resumption buy as much as an equal amount in either gold or silver.

A CONSTRUCTION OF THE RESUMPTION ACT

has often been pressed upon the Department that, if correct, would make it still more easy to carry it into execution. It is insisted that the Secretary has the power, in preparing for resumption, to sell bonds for coin, and then to sell the coin for United States notes to be hoarded in preparation for resumption. The Department has not acted upon any such construction, but has sold gold only in the current course of business, or for the actual redemption of notes supplanted by National Bank notes. If this power is exercised, it should only be in pursuance of the plain will of Congress, and, in the execution of so delicate a duty, no power should be used except such as is clearly given.

The act of April, 1876, for the redemption of fractional currency, provides that silver coin may be issued in exchange for United States notes, and such notes shall be kept as a special fund for the redemption of fractional currency. This fund and the ordinary currency balance in the Treasury is the only paper money of its own. The coin and legal tenders deposited in the Treasury are the property of private individuals, over which the Treasury has no control.

I have, fellow citizens, I hope without wearisome detail, gone over some points on this question of resumption. It is a dull, but important topic, which affects your daily life, upon which my official duty compels me to act, and I assure you that I have only acted upon the clearest convictions of public interest.

A currency of United States notes based upon the public credit, always convertible into coin, and so limited in amount and supported by reserves, that its convertibility cannot be endangered, and supplemented by a bank currency free and open to all alike, based upon public securities, so that in any event the note holder is safe from loss, always redeemable in coin or United States notes, unlimited in amount except by the wants of business—this is the kind of paper money that will start again the wheels of industry, give sails to your commerce, labor to your artisans. This, indeed, would be the

BEST PAPER CURRENCY IN THE WORLD.

Let this currency be supported by a public credit against which a whisper or a doubt cannot be uttered, and your public debt will be reduced to its lowest possible burden of interest, and will become the great depository of the savings of labor, the trustee of the widow and orphan, the safe rest of capital not employed in active industries.

These, as I understand them, are the great financial objects of this Administration, and with your permission and the sanction of Congress, the President may hope to celebrate his out-going with your debt reduced to four per cent., and every note of the United States worth par in the best coin issued from the mint. You now occupy the forefront of this battle. I beseech you to uphold his hands, and not let the delusions of the hour or the

temporary languor of business, which you share with the civilized world, turn you from a policy which you have sanctioned and can now hope to realize.

HARD TIMES.

It is very common, fellow-citizens, to hold the Government responsible for hard times caused by the ebb and flow of trade and production. If the crop fails, the Administration is abused. If wages or prices fall, the Government is blamed. If production exceeds the market made by consumption, it is easier to abuse some officer of the Government than to find out the real cause. And so it happens that, under any Government, whatever may be its form, if a panic, or hard times, or over production, or a pestilence, famine or plague comes, the men in office are made the scape-goats for troubles which it is far beyond their power either to produce or remedy. And so now, when throughout the world trade is languishing, and wages have fallen, and industry does not meet its usual reward, it is quite common for demagogues to say, "turn out the Administration and put us in and all will be lovely." Such arguments are only fit for fools. Human governments can have but little influence over the causes that produce the rise and fall of prices, the abundance or want of employment. These are governed by higher laws, and the puppets that for the time hold official authority have as little influence over these great movements as flies have over the revolving wheel. At this time our country is the most prosperous in the world, though we suffer, to some extent, from the same causes that bring stagnation to the industries of all commercial countries.

I have here copious extracts from English, Belgian, German, and French papers, all nations of wealth and power in profound peace, and all showing extreme adversity and depression in trade and prices.

The iron trade in England has passed through extreme depression. During its course some of the largest and wealthiest manufacturing concerns had to succumb to the severe reaction, while operatives suffered in the greatest degree by the increased supply of labor and greatly diminished prices.

THE IRON TRADE

in England has fallen nearly fifty per cent. The Belgian iron trade was almost extinguished and the workmen employed driven to other pursuits. This industry is the one that has suffered most in our own country, while we are rapidly recovering by unbounded natural resources, and by reduced cost of production. I have before me an English paper showing that the exports from Manchester of cotton fabrics, especially to the United States, have been largely reduced. The amount of cotton goods shipped to this country has been reduced in five years from 129,000,000 yards to 59,000,000 yards; of woolen goods from 6,000,000 yards to 1,478,000 yards; while our own production has enormously increased, and we are now exporting both cottons and woolens. In Germany, of thirty-two companies enumerated in a table I have before me, only six show any dividend whatever for the last year, and the aggregate accounts show a loss of \$1,800,000 on the year's operations. Of the silk trade in France, which is one of the great branches of their industry, it appears, from a paper I have before me, that there are about 30,000 silk looms at Lyons, and nearly half of these are now idle. The number of weavers now out of employment is roughly estimated at from twelve to fifteen thousand. I might follow these general statements by picturing the distress in all these great and rich countries, compared with which the great suffering of our people is insignificant.

WITH US THE WORST IS OVER,

and the vast industry which gives employment to the great body of our people—that of agriculture, is now extremely prosperous. It is a common saying that “the farmers are growing rich,” and as they grow rich other industries will thrive, and trade revive. To attribute the distresses, which I know you suffer in common with the rest of mankind, to any causes growing out of the administration of our Government, is extreme folly. Unlike the laws of most European countries, our laws are framed, as far as possible, to promote industry, to protect labor, and distribute wealth. Here we give to every man the same privileges, civil and political, whether he be rich or poor, or whatever may be

his condition. He must enter into competition with others, but he has no discriminations against him. The remedy for periodical depressions no human mind can point out or administer. That must be the result of time, of industry, of economy. No doubt soon,

INDUSTRY WILL REVIVE,

and we may expect a season of prosperity. The poor do not suffer alone from hard times. The first blow must fall upon those who have property investments, which are swept away, and then the evil falls upon all classes alike. All that you can ask of the Government is that it will administer the limited powers conferred upon it with the same intelligence and economy that you would expect of private citizens, doing all it can within its limited powers to confer the greatest good upon the greatest number. This, I believe, is now being done by the National Government.

STRIKES.

Every man of you is deeply interested in the strength and power of this Government, though its operations may be far from you. This was shown in the important services rendered by the General Government in the

RECENT WIDE EXTENDED STRIKES

by the employes of railroads, which reached from Philadelphia to New Orleans, affected all the great trunk lines of the country, and for a time paralyzed several powerful States. For a time it threatened civil war and anarchy, and caused a large destruction of life and property. The Administration was called upon by the Governors of West Virginia and Maryland, two Democratic States, to aid in putting down domestic violence. Our small army was scattered over the Western country. The last House of Representatives had refused to appropriate for pay or supplies for the army, lest forsooth it might be used in a State to put down domestic violence. These calls were promptly met by President Hayes, and, by a judicious use of the small force at his command, by the skillful action of the officers in command, especially of General Hancock and General Schofield, the regular army was the chief means of suppressing domestic violence.

extending to many States, and which could almost be classified as civil war. No just man will withhold from the Administration fair praise for a difficult task well done. These strikes bring prominently into American politics the contest between capital and labor that for many years disturbed Great Britain, and was the foundation of the scenes of the reign of terror during the French Revolution in 1793. Happily, in this country our strikes have been local and unimportant, but the great change made in our industries since the war, and the enormous enlargement of our mining and manufacturing industries—the great increase in the number of corporations and their extended power and influence, compel us to consider this question, and, if possible, to find a remedy. When labor is chiefly confined to the

CULTIVATION OF THE SOIL

on separate farms, no contest between capital and labor can arise, and where, as in former times, our mechanics were independent artisans, each working either alone or with a few others in shops scattered through the country, there could be no such trouble. But when great corporations or individuals employ large numbers of persons who depend upon their daily labor for their daily bread, and whose wages may be affected at any time by the will of the capitalist, there has been, and always will be, an irrepressible conflict between the man who furnishes or directs the capital and the laborer who does the work. When to this is added the fact that, by recent consolidations, great railroad companies have been formed, each doing a transportation business larger than the whole transportation on the Mississippi or on the lakes in the North, with the power in the officers of the company to change at pleasure the rate of freight, and the wages of employes, it was inevitable that the conflict would some time come between the corporations and the employes.

THE WILL OF FOUR MEN.

Let me illustrate the enormous power that is now practically concentrated within the will of four men. When the war broke out the common cry of the West was that no rebel cannon should threaten the commerce of the Mississippi Valley. Our commerce should flow untaxed to the sea.

The entire tonnage passing any given point on the Mississippi River is now estimated to be 3,000,000 tons.

The great lakes on the North have been spoken of since the discovery of America as being the wonderful provision of nature for the vast internal commerce of the continent. The whole tonnage passing at a given point on the line of the lakes is about 3,000,000 tons.

The Erie canal in New York, from Buffalo to Albany, has been extolled as a work of master statesmen, which has contributed more to the interior developement of this country than any single work, and has immortalized the name of De Witt Clinton and others. The entire tonnage of this canal during the last year is officially stated at 2,418,423, and of all the New York canals, including the Erie, at 4,172,179 tons.

These three water arteries of commerce, two natural and one artificial, furnish a tonnage of 10,172,179 tons, and a few years ago were, practically, the sole means of transit between the East and the West and the North and the South. Now, within a very few years, and mainly since the close of the war, there have been built up four grand trunk lines of railway reaching from the Atlantic seaboard far away into the West, with their lines in all directions like the branches of great trees, whose organization extends to almost every hamlet in the Mississippi Valley or the Atlantic slope, with a commerce so vast that in comparison with it the great water lines of communication become insignificant.

	Tons.
The Erie Railway carried last year.....	5,922,911
New York Central Railway carried last year.....	6,803,680
Pennsylvania Railroad carried last year.....	9,922,911
Baltimore and Ohio Railroad carried last year (estimated).....	<u>5,000,000</u>

Or an aggregate of 27,649,502
Being nearly three times as much as the entire commerce by water.

THIS IMMENSE COMMERCE,

which touches the business and home and life of every citizen of the United States, east or west, within the reach of its influence, is controlled in all its parts by the ultimate will of four men : for, though there are many agents employed in this vast business, with boards of directors and intermediate superintendents, yet, practically, the executive and controlling power of these vast

corporations rests with their presidents, whose will or pleasure may raise the freight on produce, and thus effect every farmer in the land, or may raise or lower the wages of every employe, and thus effect the bread and life of every one dependent upon these laboring men.

It is just to say that the gentlemen holding these important positions are among the ablest and most sagacious of the business men of this country, but they must necessarily be governed in the main by the interest of the corporations they represent, and must look to those interests as the dominating and controlling motive that must guide their acts. A few years ago the freight on these roads was deemed to be unduly high, and this aroused the whole farming interest of the West, under the name of Grangers, who were able to secure hostile legislation in some of the States, and so to control public opinion that the freights in due time were reduced. But more potent than all, the

SUDDEN DEPRESSION OF BUSINESS

caused by the panic of 1873, led to a rivalry and competition between these great lines that in a short time reduced the rates for freight and passengers below the actual cost of the business, thus tending to destroy the capital invested in more than two-thirds of the railway lines in the United States and greatly crippling the financial condition of the trunk lines. These corporations have endeavored in various ways to make agreements, but either because they were not faithfully observed, or from the inherent difficulty of making combinations between powerful rivals, these agreements have been successively broken and abandoned, and now it may be said that, on an average, the amount received for freight and passengers does not pay the actual cost of running the lines.

The result has been that the railroad companies, not willing to see their property entirely destroyed, have gradually reduced the rates of wages of the employes until, if we can believe what has been said, in some cases they are barely sufficient to pay for the mere necessities of life. Hence the strikes.

It has always been feared that our republican system of government, which depends upon the will of the majority, could not long survive the condition of affairs developed by these strikes.

Macaulay and Allison have both described, in prophetic language, the effects of a

STRUGGLE BETWEEN CAPITAL AND LABOR

in a government like ours, but, like most English writers, they overlooked the strong conservative power in a government by the people, where the majority must always be independent farmers, mechanics, and working men who have respect for law, religion, and order. We have, no doubt, large numbers of men who will not reason about this matter, but will rush to the torch or to crime in curing what they regard as wrongs, but the great body of our people have always shown sufficient moderation and intelligence to lead them to find a peaceful and proper remedy for all the ills which life may develop.

And now, fellow-citizens, I beg you not to believe that this is an easy task, and not to reject counsels of moderation and forbearance. The laborer is worthy of his hire, and, in this country especially, should always receive enough to maintain his family in decency and comfort. But we cannot secure this great blessing by intimidating capital, by burning houses, by preventing other people from laboring, or by any violence or crime. Capital, when threatened, shrinks away, and your labor cannot be employed without capital. You can only encourage its employment by a reasonable prospect of a just reward in the way of interest or profit.

I will not undertake in this speech to state ideas that have become convictions, that are not now entertained for the first time, because it would take too long; but my conclusion was, years ago, when this subject was under debate in the Senate, that the

FRAMERS OF THE CONSTITUTION

had wisely provided an arbiter to govern, by general laws, inter-State railways, and may in this way prevent controversies between capital and labor where they effect the commerce of the country. That arbiter is the Congress of the United States. No State is broad enough to deal with this question, for these railroad lines extend through many States. No local authority can deal with it, because the local authorities may be overawed, or under the influence of passion or resentment. Mayors and governors, and

local militia, are well enough for the ordinary protection of society, but they are not fitted to deal with a contest between great bodies of citizens in the same community, where the divisions are so wide and broad as to amount to domestic violence or civil war. The National Government is expressly authorized to aid a State in putting down domestic violence, and the Congress of the United States is expressly authorized to regulate the commerce between foreign nations and the several States, and the commerce thus provided for is now conducted mainly by these great lines of railway. The framers of the Constitution could not foresee railroads, or the vast extension of our country and its varied interests; but they did provide that commerce, in all its forms, foreign and domestic, by whatever agency conducted, might be controlled by an arbiter more free from local prejudice than any other that could be selected.

MY HOPE, THEN, IS

that Congress will pass laws to establish and limit maximum rates of freight, so that the production of a farmer may not be in danger of confiscation by exorbitant rates; that it will limit and restrain the cutting and reduction of freights so as to destroy the ability of railroad companies to pay fair pices for honest labor, and prevent the companies from making paupers of men who perform essential functions in commerce. Congress may thus, by wise general laws, control the most powerful corporations as well as the humblest citizens.

There is one thing, however, which all men ought to understand, whatever may be their wrongs or injuries, that in our free system there is but one remedy, and that is by peaceful, lawful appeals to the constituted authorities, both State and National. No man has a right by violence or crime to redress his injuries. No government can live where mobs can make laws and prevent other laborers from working. The right of a laborer to refuse to work without such pay as he demands is clear and unquestionable; but, whatever civil remedies the law may give him, he cannot resort to violence to prevent either the movements of commerce or the employment of others, without endangering our whole system and encountering the full force and power of the government. The very fact that the

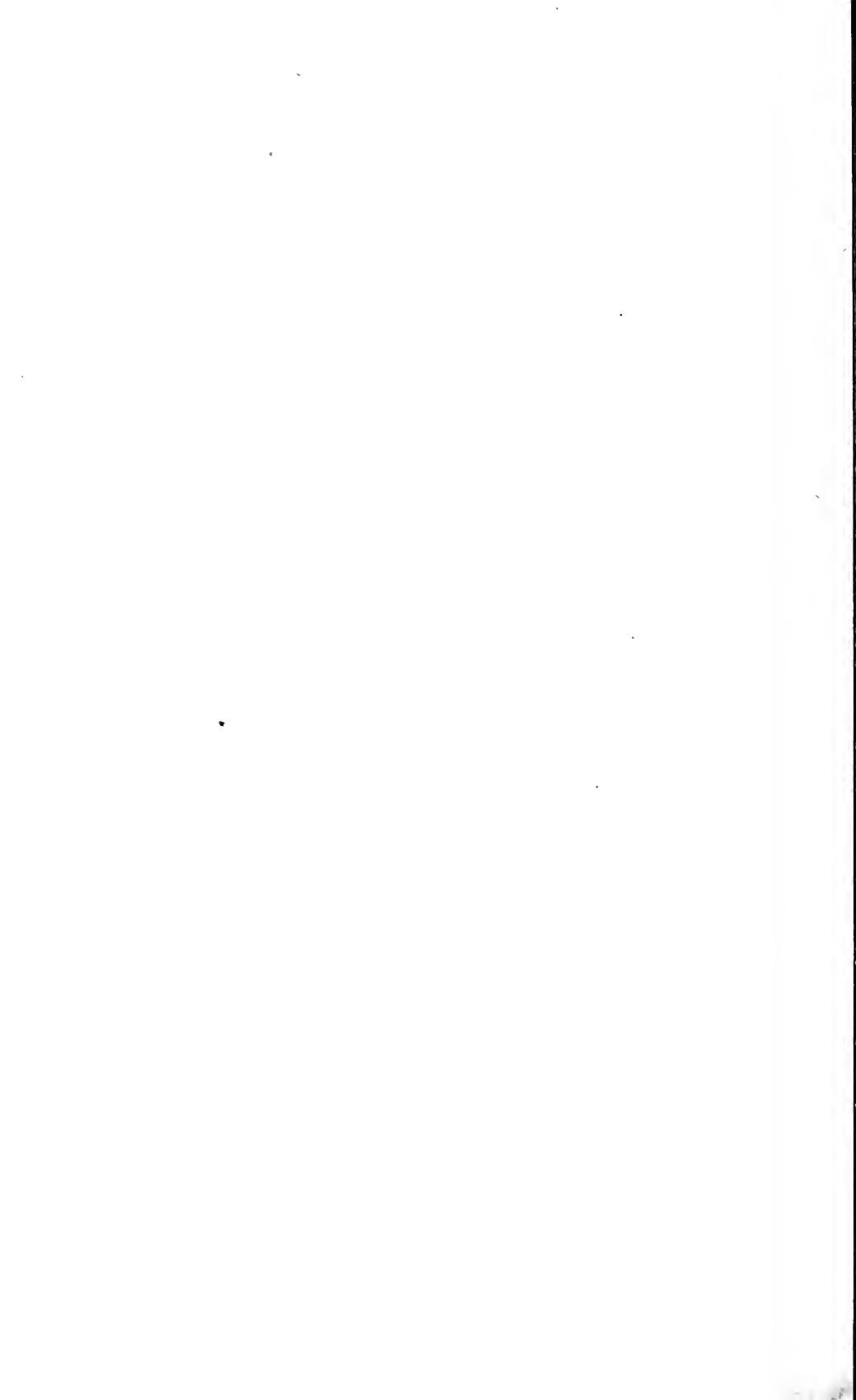
STOPPING OF TRAINS

on the four great lines of railway would bring hunger and want to millions of laboring people, and deprive other millions of a market for their product, would array against striking laborers who resorted to violence, the whole power, not only of the government, but the moral and physical force of the balance of the community. When laboring men or any class of men, resort to violence and crime to protect even real rights, they must be dealt with in the same way as others who violate the law, however much men may sympathize with their distress. I am stating only what the law has always provided, and with full sympathy in an honest demand by laboring men for fair wages for a fair day's work. We must obey the law and we must punish any violation of the law. Life must be protected and property also. These are the conditions upon which society exists, and no party can temporize or hesitate in the face of an open revolt against these principles of public order. But, while this is true, we must not fail to examine the complaint of the humblest citizen and give him all the protection and all the remedy that a just government can give.

And now, fellow-citizens, in conclusion, allow me to express so far as language enables me to do so, my heartfelt thanks for the courtesy and kindness you always have shown me, not only during this short visit, but in all the time I have lived among you. I can only say, I thank you.

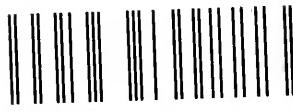








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